BRITISH COLUMBIA

BC STATS Infoline

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September 24, 1999

highlights

a weekly digest of recently released British Columbia statistics

The Economy

- **Exports of goods produced in British Columbia were 9.0% higher this July than in the same month last year.** The increase was the twelfth in as many months, and brings the value of exports from the province up to the highest level seen since 1995. A 19.1% increase in shipments of forest sector products was the main reason for the strong gain in July. In addition, international sales of automotive products (+56.9%) and machinery and equipment (+13.6%) continued to boom, while agriculture and fish products posted a more modest gain of 3.1%. However, exports of industrial (-23.2%) and consumer (-12.6%) goods and energy products (-2.7%) were weak. *Source: Statistics Canada*

- **Nationwide, exports rose 12.7% in July, led by double-digit gains in Ontario (+18.3%), Quebec (+12.8%) and three of the four Atlantic provinces.** Automotive exports from Ontario continued to race ahead, increasing 51.3% and boosting overall export growth for Canada's industrial heartland. This was partly due to unusually low auto exports last summer, when a strike at General Motors in the US led to plant closures on this side of the border. However, international demand for many Ontario products is strong, and the province has now seen total exports advance at double-digit rates in every month since August 1998.

  Manitoba (-12.7%) and Saskatchewan (-8.2%), where international sales of agricultural products plunged more than twenty percent, were the only provinces to record a drop in exports. Alberta's energy sector has begun to heat up again, and with that has come a recovery in export values, which rose 4.1% in July, marking the third straight increase after a year and a half of mostly steady declines. *Source: Statistics Canada & BC STATS*

- **Year-to-date, exports from BC were up 12.2% over the first seven months of 1998.** US demand for goods produced in BC remains the primary reason for the improvement. Shipments to the US were 22.8% higher than in the first seven months of 1998, reaching $11.0 billion, more than double the value of exports bound to other destinations ($5.4 billion). Other international customers with an increased appetite for BC goods included South Korea (+17.4%) and China/Hong Kong (+2.9%). Shipments to Japan, BC's biggest customer after the US, fell 5.1%, as exports resumed their downward slide after recovering slightly earlier in the year.
  Source: BC STATS

- **Retail sales in BC rose 1.0% (seasonally adjusted) between June and July.** The increase came on the heels of a 0.6% expansion in the previous month. Despite some setbacks, retail sales in the province have been improving since last November, and have now recovered most of the ground lost during 1998. Canadian sales rose 1.3% in July, led by strong gains in Alberta (+2.0%) and Ontario (+1.8%). Quebec (+1.3%) was the only other province where sales increased at or above the national rate.
  Source: Statistics Canada

Tourism

- **Hotel occupancy rates in the province averaged 78.0% in July.** This was up from 75.8% in the previous July, but slightly below the Canadian average of 79.7%. Hotels in Greater Victoria (92.2%), Kelowna (86.8%) and Downtown Vancouver (86.8%) were filled almost to capacity, but properties in other parts of the province did not fare as well. In Terrace, which had the lowest

Report **A Looming Labour Shortage in BC?**

Did you know...

The most popular menu item at Canadian restaurants in 1998 was French fries, which were included in one out of every four orders. Fries were twice as likely to be ordered as third-ranked hamburgers. Number two on the list was bagels, English muffins, croissants, and other unsweetened breads.

occupancy rate in the province, less than half (41.5%) of the available hotel rooms were rented in July.

Source: Pannell Kerr Forster, Trends in the Canadian Hotel Industry

- **Visitors to BC paid an average of $133.45 per day for their hotel rooms in July, 5.0% more than in the same month last year.** Alberta's mountain resort region, where room rates averaged $257.39, was the only area where prices were higher. The Canadian average was $118.58. In BC, room rates ranged from $50.42 in Williams Lake to $179.87 in downtown Vancouver.

Source: Pannell Kerr Forster, Trends in the Canadian Hotel Industry

- **During the first eight months of 1999, 19.1 million visits were made to provincial parks in the province.** This was 9% less than in the same period last year. The decline in park attendance was partly attributable to cool, wet weather conditions, which put a damper on recreational visits. Day and boat visits, which account for nearly 90% of all visits to provincial parks, were down 8% province-wide. Northern BC (-22%) saw the biggest decline in day usage of parks, while the Lower Mainland area (0%) was the only region to hold its own.

Source: Ministry of Environment, Lands and Parks data

Literacy of Youth

- **Canadian and American youth aged 16 to 25 did not fare as well as some of their European counterparts in literacy tests that rated their prose, document, and quantitative skills.** This was true even when the educational attainment of their parents was taken into account. Canadian scores on the prose and document tests were comparable to those of German and Swiss youth, but well below the scores attained by young people from the Netherlands and Sweden. On the quantitative tests, Canadian youth were outperformed by young people from all four European countries, but did slightly better than their counterparts in the US and Poland. Swedish youth achieved the highest scores, surpassing the other six countries on all three tests. In the US and Canada, children whose parents were well-educated scored much higher on literacy tests than those whose parents had less than a high school education. The range of scores was smaller in Sweden, where even children whose parents had relatively little education were able to achieve high literacy scores.

Source: SC, Catalogue 89-552, no. 6

Fixed Assets

- **The value of structures and equipment used by Canadian industries to produce goods and services has increased almost 80 during the last 20 years.** By the end of 1999, there will be just under $2.0 trillion (in constant 1992 dollars) worth of plant and equipment in Canada– $1.4 trillion worth of buildings and other structures, and $0.6 trillion of machinery and equipment. The transportation and utilities industry owns a quarter ($562 billion) of the fixed assets used in production, more than any other industry.

Source: SC, The Daily

The Province

- **The provincial government deficit (as measured in the consolidated revenue fund) increased from $151 million in 1997/98 to $466 million in the 1998/99 fiscal year.** Revenues were up 0.4% to $20.3 billion, but this was not enough to offset a 2.0% increase in expenditures, which rose to $20.8 billion. The summary financial statements, which also include the operations of Crown Corporations and other agencies, show a deficit of $1.219 billion, up from $430 million for the 1997/98 fiscal year.

Source: 1998/99 Public Accounts for BC

The Nation

- **The federal government posted a budgetary surplus of $5.6 billion for the first four months of the fiscal year.** This was marginally lower than the $5.7 billion surplus recorded in the same period of 1998. The surplus occurred despite a 3.3% increase in program spending. A 0.5% decline in public debt interest charges, together with a 1.6% increase in revenues, helped keep the federal government in the black. Public debt charges account for nearly 30% of the federal government's total expenditures.

Source: Federal Department of Finance data

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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

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Infoline Report: The impending labour shortage in BC

Contact: Anne Kittredge / (250) 387-0374

Originally published in April 1999 issue, *Earnings & Employment Trends*. Annual subscription: $60 + GST

As the result of the post-war baby boom and its associated ageing population, the BC labour market will be faced with large outflows of employees beginning in the next few years. The leading edge of the baby boomers (born in 1946) will be turning 55 in 2001. By then, many of them will be candidates for retirement, particularly those who are long-term employees in the unionized sector. After that, it will be a good 20 years before all the boomers have moved out of the workforce and into retirement.

The BC Labour Market Will See Historically High Rates of Retirement in the Next 10 to 15 Years

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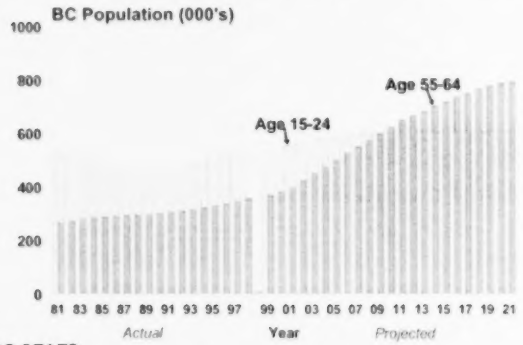
The Potential Retiree Poulation is Quickly Overtaking the Potential Flow-in to the Workforce



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At the other end of the age spectrum, relatively low levels of inflows to the job market are anticipated. As shown in the above chart, historically, the potential new entrants to the workforce, that is the 15-24 year old population, has far exceeded the retiring population. This situation is soon to change -- the size of the young population is projected to level off at the same time the older working aged population skyrockets setting the stage for severe labour shortages.

In the overall BC labour market, the numbers do not appear too ominous, at least not yet. Currently, 9 per cent of the employed are at the 55+ age mark, a level which is consistent with the experience of the last 25 years. Where the unusual bulge now sits (22%) is in the 45 to 54 year age group. This is the group who will begin retiring in droves as we enter the new millennium.

The age structure shown above is the average for the whole economy. However, there exists large differences in this age structure by sector. Companies in BC will face varying degrees of labour shortages depending on the sector's/company's historical pattern of growth and decline over the last 30 years as well as turnover levels.

The following chart shows the "oldest" sectors of the economy. These are the industries which are bound to first feel the crunch of labour shortages.

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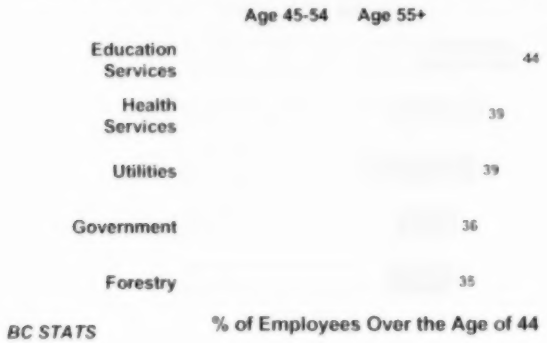
The 5 BC Industries Most Likely to Face Labour Shortages in the Next 10 Years



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Industries in the public sector[1] stand out as having the oldest workforces. The discrepancy in the age profile of their employees probably reflects their less volatile employment levels over the past 30 years[2].

Of particular concern is the education sector, where in ten years time almost half the staff of today will have either retired or will be potential candidates for retirement. Similarly, hospitals will be scrambling for staff over the next ten years. As both these sectors rely on a highly skilled workforce, it will require several years of lead-time to train qualified personnel to fill the vacancies.

The forestry industry has the oldest employee profile in the private sector. While manufacturing shows 30 per cent of employees over the age of 44, which is about the average, it is probable that the wood/pulp/paper manufacturing sub-industries would have an age structure more comparable to that of the forest sector.

Not surprisingly, the accommodation & food service sector is very young with only 13 per cent in the 45+ age range. High turnover and recent growth in that sector would be the explanation. Despite their young workforce, the anticipated fierce competition for skilled labour in other sectors is bound to spill over and affect the entire economy.

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[1] *BC Hydro , a crown corporation, is the largest component of the "Utilities" sector.*

[2] *The public sector did not experience the large layoffs that occurred in the private sector during the 1980's recession. The private sector would have been forced to lay off at that time but when the economy picked up again they probably hired younger workers.*

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BC at a glance . . .

POPULATION (thousands)	Apr 1/99	% change on one year ago
BC	4,028.3	0.7
Canada	30,482.9	0.9
GDP and INCOME		% change on
(BC - at market prices)	1997	one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	24,775	0.1
Personal Disposable Income *($ 1992 per Capita)*	16,340	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jul	3,075	10.6
Merchandise Exports (raw) Jul	2,491	9.0
Retail Sales (seasonally adjusted) Jul	2,805	1.2
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Aug '99	one year ago
BC	111.8	1.3
Canada	111.1	2.1
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Aug '99	one year ago
Labour Force - BC	2,071	1.4
Employed - BC	1,893	1.5
Unemployed - BC	178	0.6
		Aug '98
Unemployment Rate - BC *(percent)*	8.6	8.7
Unemployment Rate - Canada *(percent)*	7.8	8.3
INTEREST RATES (percent)	Sep 22/99	Sep 23/98
Prime Business Rate	6.25	7.50
Conventional Mortgages - 1 year	7.05	6.95
- 5 year	7.80	7.30
US/CANADA EXCHANGE RATE	Sep 22/99	Sep 23/98
(avg. noon spot rate) Cdn $	1.4682	1.5268
US $ *(reciprocal of the closing rate)*	0.6801	0.6592
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Jun '99	one year ago
BC	628.54	0.6
Canada	612.62	0.8

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfsgen.htm

Released this week by BC STATS

- Earnings & Employment Trends, August 1999
- Consumer Price Index, August 1999 [Revised]

Next week

- Business Indicators, September 1999
- Current Statistics, September 1999

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